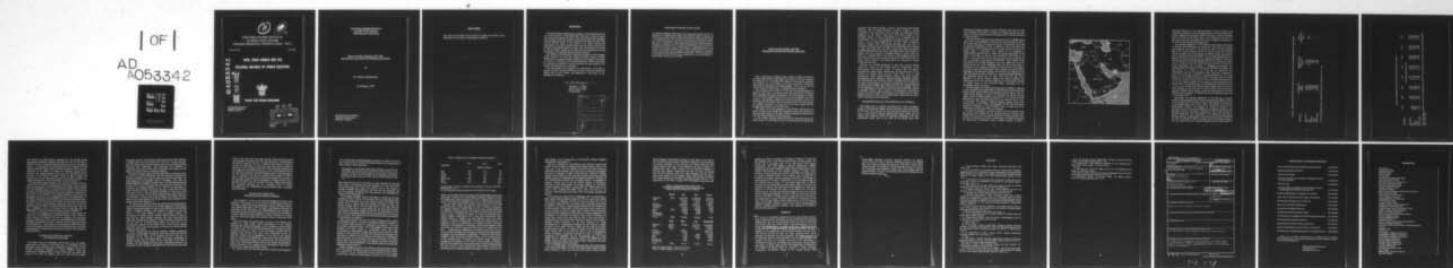


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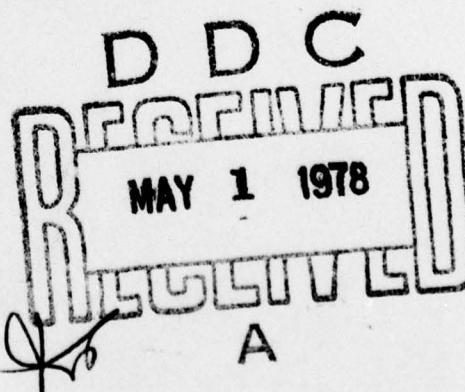
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IRAN, SAUDI ARABIA AND THE
REGIONAL BALANCE OF POWER EQUATION



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**STRATEGIC STUDIES INSTITUTE
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**IRAN, SAUDI ARABIA AND THE
REGIONAL BALANCE OF POWER EQUATION**

by

Dr. Robert Ghobad Irani

15 February 1978

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FOREWORD

This memorandum discusses the emergence of the Persian Gulf area as a center of power in the Middle East. The author views the area as one of the least understood parts of the world because of the complex, emotion-laden issues that involve interactions between the Gulf states and the Western World. In the context of the rivalry between the superpowers, the author considers this area one which could tip the economic and political balance of power. He concentrates on the roles of Iran and Saudi Arabia in the region and the consequences derived from them on the regional balance of power equation.

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This memorandum was prepared as a contribution to the field of national security research and study. As such, it does not reflect the official view of the College, the Department of the Army, or the Department of Defense.



ROBERT G. YERKS
Major General, USA
Commandant

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BIOGRAPHICAL SKETCH OF THE AUTHOR

DR. ROBERT GHOBAD IRANI joined the Strategic Studies Institute in 1975. He graduated from Glenville State College with a bachelor's degree in history and social sciences, earned a master's degree in international relations from the School of International Service, the American University, and a second master's degree and a PhD in government and politics and international relations from the University of Maryland. Dr. Irani's professional background includes teaching at secondary and university levels. His research abroad includes trips to both sides of the Persian Gulf and one year of field research as a Research-Associate at the Institute for International Political and Economic studies, Tehran, Iran. He has written several articles and monographs in Farsi and English for professional journals, and his study entitled *American Foreign Policy: An Options Analysis of the Azerbaijan Crisis, 1945-1946* will be published this year by the Institute for Middle Eastern and North African Affairs.

IRAN, SAUDI ARABIA AND THE REGIONAL BALANCE OF POWER EQUATION

Over a decade ago an Iranian author writing on what he referred to as Daryae Pars (Persian Gulf) began his account of its future prospects by stating that it is incredible that despite its huge wealth, resources, and minerals, the area remains in the grips of poverty, destitution, misfortune, hopelessness, and benign-neglect.¹ If he were to write his account today he would come to a totally different conclusion.

The events since the October 1973 War have dramatically altered the Gulf area. Since then, a growing concern and awareness in the Western World regarding this region has appeared. Yet, unfortunately, it remains one of the least understood parts of the world, principally due to the complex, emotion-laden issues that involve interactions between the Gulf states and the Western World—issues such as the 1973 oil embargo, the multiple increases in the price of oil, the arms buildup and the growing financial power of the Gulf states.

This paper covers the emergence of the Persian Gulf littoral as a center of power in the Middle East. Emphasis is placed upon the role of Iran and Saudi Arabia in the region and the consequences derived from it for the regional balance of power equation.

In the context of global rivalry between the United States and the Soviet Union, the Afro-Asian world is a crucial arena that could tip the

economic and political balance of power. The Persian Gulf/Arabian Peninsula with its huge petroleum resources remains a pivotal component of the Afro-Asian world. As such, any substantial power imbalance in this region could cause some basic changes in the East-West balance of power, particularly if it is assumed that the competition for it is a zero-sum-game in which any gain for one side means a loss of equal magnitude for the other. Such a depiction, however, remains valid theoretically—providing that the area of contention between the two superpowers is a monolithic entity seeking to align itself fully with one side or the other. Since the Persian Gulf/Arabian Peninsula area is not a monolithic entity, what is likely to happen could be a process of changing balance of power within the Gulf and a resulting shift in the pattern of relationships between the Gulf states and the external powers such as the United States and the Soviet Union. Crucial in this setting will be the dynamics of change within the Gulf itself.

However, it is equally significant to place such regional changes within the context of the changes that are taking place in the contemporary international system. It appears that the bipolar international system which characterized the post-World War II era, wherein the United States and the Soviet Union were in rigid domination of their respective alliance systems, has passed. Today's international system, despite its essential strategic bipolarity between the United States and the Soviet Union, is infinitely more complex. In the realm of international economics it is pentapolar—the centers being the United States, USSR, Japan, Western Europe, and the PRC. The rise of the Organization of Petroleum Exporting Countries (OPEC), despite its possible transient nature, makes the contemporary international system even more complex, particularly when coupled with the rise of regional centers of power such as Brazil, India, Indonesia, Iran, and a host of other states around the globe.

THE SIGNIFICANCE OF THE PERSIAN GULF LITTORAL

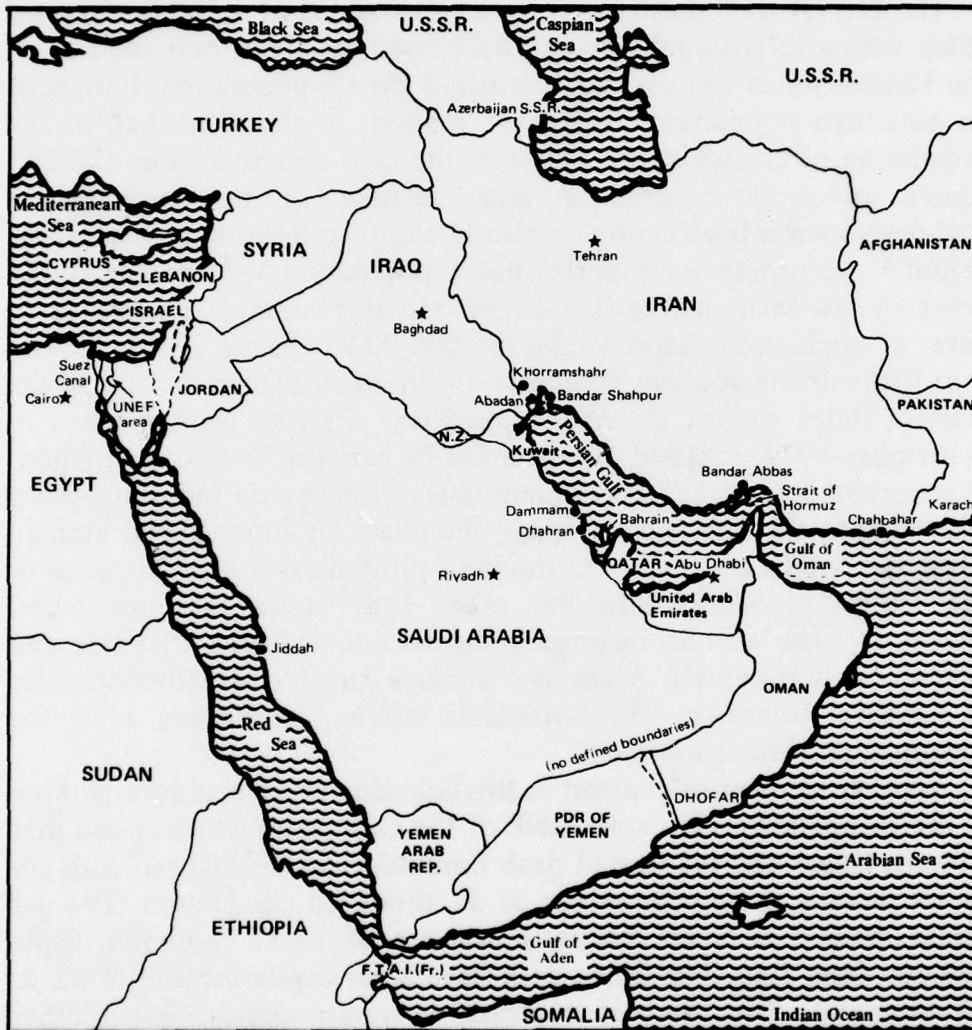
The Persian Gulf is a shallow enclosed body of water averaging a width of 100 miles and a length of about 500 miles, with a mean depth of 105 feet.² It is bordered on the north and northwest by Iran and Iraq, on the south by Kuwait, Saudi Arabia, Qatar, Oman, and the United Arab Emirates (UAE). The Bahrain archipelago is the only independent insular state in the Gulf. Of the riparian states, Iran

possesses the longest coastline, or about 720 miles of the total of 1,740. The remaining 1,020 miles of coastline are divided between the other states and include approximately 630 miles for the UAE and 240 miles for Saudi Arabia.³

The littoral Gulf states cover an area in excess of 1,759,000 square miles with a total population of 58,222,643, or about half the size of the United States and over one-fourth of the US population. Iran, with an estimated population of over 35 million, or about one-half of the population of all the littoral states of the Gulf and an area of 636,293 square miles, a centralized and, relative to its neighbors, a well-developed infrastructure, is clearly the predominant power in this region.⁴ According to experts, Iran's population will double in 23 years. A few years before its oil runs out, this country is expected to have a population approaching 66,000,000.⁵ Saudi Arabia covers four-fifths of the Arabian Peninsula, or an area roughly the size of the United States east of the Mississippi River. Its first census, taken in September 1974, revealed a population of between five to six million. It covers an area of 873,000 square miles. Iranians are Indo-Europeans belonging to the Shia sect of Islam, the relatively more liberal branch, while the Saudis are Sunni "Orthodox" puritanical Wahabi Moslems of the Hanbalite School and the other Gulf states are also Sunni Moslems.⁶ The ethnic, historic, religious and cultural affinities and differences between the Arabs and Iranians can serve as either cohesive or divisive forces in the inter-Gulf affairs, depending how the governments wish to use them.

Another element of contrast in this equation is revealed by a glimpse at the comparative per capita GNP of the Gulf states which shows that Kuwait, Qatar, and the United Arab Emirates rank the highest, with per capita income sharply in excess of \$7 thousand per annum. The per capita income in Saudi Arabia is between \$5 to \$7 thousand, while Bahrain, Iran, Iraq, and Oman each have a per capita income of \$1 to \$3 thousand. The sharpest contrast, however, appears when other countries such as the Yemen Arab Republic (YAR) and the People's Democratic Republic of Yemen (PDRY), each of which have a per capita income of less than \$201, are considered.

In terms of population, resources, land and power potential, Iran and Saudi Arabia remain the two principal centers of power in the Persian Gulf area, with Iran clearly being in the leading position. Iraq, as long as it remains a pro-Soviet, radical regime in a region surrounded by conservative, pro-Western states, is highly unlikely to make a



substantial difference in the regional balance of power; however, any substantial reductions in the ideological schism and improved relations between Baghdad and Riyadh could in the long run alter the existing balance of power in the Gulf in favor of the Arab states. However, for the present and the foreseeable future such a unified Arab position in the Lower Gulf remains hypothetical only.

The principal significance of the Gulf littoral states lies in their huge oil reserves and tremendous oil production. The Gulf area contains approximately 70 percent of the known oil reserves of the Free World and at the present produces about 30 percent of the Free World's annual oil supply. The main producers are Saudi Arabia, Iran, Kuwait, and to a lesser extent Iraq (see Tables 1 and 2). Japan depends upon the Gulf oil for about 85 percent of its consumption, Italy for 85 percent, West Germany for 60 percent, Britain so far for over 60 percent, France for over 50 percent, and the United States for upward of 11 percent.⁷ These percentages vary according to changing circumstances. For example, Britain is expected to become self-sufficient in energy in the near future, as a result of its North Sea oil exploration and development, and the US dependence upon Saudi oil is expected to grow. The above data reveals the economic significance of the Gulf littoral to the United States and its allies. This region will very likely continue to attract world attention as long as the West depends upon it for oil. The drastic increases in the price of oil have transformed the Gulf area into the financial center of the Middle East. Moreover, the use of oil as an economic and political weapon against Israel has focused Arab attention to the Gulf area to such an extent that an American analyst of Middle Eastern politics claims that without doubt "the Arab political center of gravity is shifting from the East Mediterranean area to the Persian Gulf."⁸

Historically, the strategic significance of the Gulf area is directly related to the geopolitical value of the towering Iranian plateau, located on the southern tier of the Soviet Union, blocking direct Soviet access to the Indian Ocean. Due to its location, Iran became the center of Russo-British rivalries and intrigues on numerous occasions. The strategic location of Iran and its utilization for logistical supply was the principal reason for the Allied occupation of the country during the Second World War. Iran's proximity to the USSR, and the historic Russian ambition to gain access to the warm waters of the Persian Gulf in order to expand its ability to project power and influence directly into the Indian Ocean, are crucial strategic factors that will continue to

TABLE 1. PROVEN PETROLEUM, NATURAL GAS, AND COAL OF THE PERSIAN GULF COUNTRIES*

| COUNTRY | PETROLEUM (million barrels) | NATURAL GAS (billion cubic meters) | COAL (million metric tons) |
|--------------|-----------------------------------|--|----------------------------------|
| Abu Dhabi | 30,000 | 5,660 | ... |
| Iran | 64,000 | 20,300 | 385 |
| Iraq | 35,000 | 1,000 | ... |
| Kuwait | 71,000 | 1,000 | ... |
| Oman | 6,000 | 100 | ... |
| Qatar | 6,000 | 230 | ... |
| Saudi Arabia | 170,000 | 3,000 | ... |

*Central Intelligence Agency, *Handbook of Economic Statistics*, 1976, p. 78.

TABLE 2. PERSIAN GULF CRUDE OIL PRODUCTION, 1960-75*

| COUNTRY | 1960 | 1965 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 |
|--------------|-------|-------|-------|-------|----------------------------|-------|-------|-------|
| | | | | | (Thousand barrels per day) | | | |
| Abu Dhabi | ... | 282 | 691 | 926 | 1,050 | 1,310 | 1,410 | 1,400 |
| Iran | 1,068 | 1,895 | 3,831 | 4,531 | 5,021 | 5,860 | 6,020 | 5,350 |
| Iraq | 1,004 | 1,311 | 1,563 | 1,720 | 1,446 | 2,015 | 1,975 | 2,250 |
| Kuwait | 1,696 | 2,362 | 2,983 | 3,196 | 3,279 | 3,020 | 2,545 | 2,100 |
| Qatar | 175 | 227 | 367 | 429 | 484 | 570 | 520 | 440 |
| Saudi Arabia | 1,315 | 2,204 | 3,789 | 4,768 | 6,013 | 7,600 | 8,480 | 7,080 |

**Ibid.* These figures include on one-half the petroleum production from the Neutral Zone, which was approximately 400,000 bpd in June 1976.

have relevance in evaluating Iran's significance in the East-West global geostrategic equilibrium, perhaps even long after the oil runs out. In addition, Iran is a recognized regional military, economic, and political power. It is pro-Western, anti-Communist, and has a history of close relations with the United States and historic suspicions of the aims and ambitions of the USSR. It is clearly the dominant riparian power, pivotal to the regional balance of power in the Gulf and an avowed protector of the Strait of Hormuz, which the Shah considers the "jugular vein" of Iran. These factors add to the strategic, economic, and political significance of Iran in the balance of power equation.⁹

Because Saudi Arabia possesses more proven oil reserves than any other country on earth, for a long time it will continue to have a critical economic significance to the United States and its allies. Saudi Arabia is the most important major oil producer in the world. It is the only oil producer in the Gulf area that can increase its production several-fold in the course of the evolution of its refining capacity and still have an abundance of reserves. It is a significant power in the Organization of Petroleum Exporting Countries (OPEC) and plays an influential role in the politics of the Arab world. The Saudis are anti-Communist, hold a moderate outlook toward politics within the Gulf area, remain the principal source of support for the United States in the Arab world, and play a significant role in the Persian Gulf, the Red Sea, and the Organization of Arab Petroleum Exporting Countries (OAPEC).¹⁰

In short, three-quarters of the non-Communist world's proven oil reserves are in the Middle East, 382 billion barrels, most of which are concentrated in the Persian Gulf area. In addition, the most direct routes from Western Europe to Asia cross the Middle East and therefore overflight permissions over this crossroad between Asia and Europe remain important.¹¹ The sea lines of communication (SLOC's) between the oil-rich Persian Gulf littoral and the industrialized West and Japan pass through the strategic Strait of Hormuz located at the entrance to the Persian Gulf.

DIVISIVE AND COHESIVE ASPECTS OF INTER-GULF AFFAIRS

The salient forces of nationalism and ideology form the divisive undercurrents of politics in the Gulf area, as exemplified by the ideological schism between such revolutionary states as Iraq and the People's Democratic Republic of Yemen (PDY) versus the conservative, traditional states of Saudi Arabia and the small Arab states of the Gulf. In addition, there is a split between Iranian

nationalism and the trans-national Arab movement, the latter aiming at a unified Arab voice in the entire lower Gulf. At the same time the close ties between the moderate regimes, such as Iran and Saudi Arabia, transcend their differences, thus permitting the expansion of cooperation between the Arabs and the Iranians, and insuring that the balance of power in the area remains pro-Western.

Examples of divisive aspects of inter-Gulf affairs are abundant. Since the end of the Second World War the Gulf states have witnessed the following hostilities and conflicts within and between themselves: the Soviet-supported and instigated crisis in Azerbaijan, Iran, 1946; the Qashqai-Bakhtiari rebellion in southern Iran, 1946; the Mossadegh crisis in Iran, 1951-53; the 1958 coup d'etat in Iraq and the overthrow of the monarchy; the Kurdish rebellion in Iraq, 1961-67; the Iraqi threat to invade Kuwait and British intervention in support of Kuwait, 1961; the 1963 coup d'etat in Iraq; the Dhofari Rebellion in Oman since 1968; the 1968 coup d'etat in Iraq; border clashes between Saudi Arabia and the Republic of Yemen; coup d'etat in Muscat and Oman; and Iran's seizure of the three islands in the Persian Gulf, jointly claimed by Iran and the United Arab Emirates.¹²

The Irano-Arab relations within the Gulf have been influenced by events and developments such as the British departure from the region; Tehran's massive expenditure on arms, as exemplified by its determined effort to establish, maintain, and continue to expand its navy; the seizure of the Tunb Islands in 1971 by Iranian troops;¹³ the introduction of Iranian troops, at Sultan Qabus' request, to Oman to help halt the radical Dhofari rebellion; and Iran's announced and apparently unequivocal intentions to insure the safety and security of the sea lines of communications within the Gulf and in the northwestern quadrant of the Indian Ocean. These factors together have given rise, in some Arab quarters, to a concern over Iran's role and ambitions in the region.

On the cohesive side, the historic, linguistic, religious, traditional, and ethnic commonalities among the Arab states in the Gulf area are significant factors. They are so obvious that often they are not mentioned. In the Arab-Iranian sphere, the largest communities of Persians outside Iran are located on the Arab side of the Gulf. In addition, the Shia Moslems in Iraq form a substantial portion of its population and the Iranians in Khuzistan, Iran, have had close ties with

Arabs on the Iraqi side of the Shatt al-Arab. These interactions point out the degree of cohesion that has been taking place on both sides of the Gulf for centuries. Moreover, to alleviate and reduce the sources of tension, the Gulf states in recent times have taken major conciliatory steps such as the Irano-Iraqi resolution of their boundary disputes over the navigation in the Shatt al-Arab area, in the northernmost portion of the Gulf; the settlement of the Kurdish issue; Iran's continuing support for UN resolutions 242 and 338, coupled with its support for Israel's right to survive as a nation and to take drastic measures, if necessary, to halt guerrilla attacks;¹⁴ and the expansion of linkages between Cairo, Riyadh and Tehran after the October 1973 War. Despite these efforts, the ideological cleavages and the contending forces of Iranian nationalism and the transnational Arab movement tend to permeate inter-Gulf affairs.

IRAN, SAUDI ARABIA AND THE REGIONAL BALANCE OF POWER

The emergence of Iran as the principal indigenous protector and defender of the security of the sea lines of communications within the Gulf area, coupled with the growing Saudi economic, financial, military and political importance and the massive modernization underway in practically all the Gulf states, will substantially alter the processes of interaction among the littoral states to such an extent that the shape of its future appears extremely difficult to predict. However, it is certain that Iran and Saudi Arabia will continue to play a crucial role in the future.

Iran will remain the pivotal center of power in the Persian Gulf, followed by Saudi Arabia. Saudi predominance in the Arabian Peninsula will expand substantially and the emergence of Saudi Arabia as a leader in the Arab world has bestowed upon it a critical role in the Arab-Israeli dispute. In short, oil and petrodollars coupled with the political clout derived from them, have profoundly altered the inter-Gulf politics and the significance of the Gulf to the regional balance of power in the Middle East. These factors have also impacted upon the relationship between the Gulf states and the external actors such as the United States, Western Europe, and Japan. The dimension, extent and nature of the changes that are taking place in these sets of interactions are drastic and complex indeed.

In a report before the House Special Subcommittee on Investigation

of the House International Relations Committee on June 10, 1975, the then Under Secretary of State for Political Affairs of the Department of State, Joseph J. Sisco stated that:

Developments in the [Persian Gulf/Arabian Peninsula] area affect the relationships and policies of major world powers. With the shift in world oil market power from consumer nations to the producer countries, the application in 1973 of the oil embargo, and the quadrupling of oil prices, the global strategic equation has been affected by what happens in the Gulf¹⁵

Sisco added that since the 1973 War, the major Arab states of the Gulf have become the principal financial supporters for the Arab states confronting Israel and "while not directly part of the process of reaching a Middle East settlement, their views are very important, and they are regularly consulted by the Arab parties to the negotiations as well as by the Palestinians."¹⁶

The financial capability of the Gulf states is revealed by the data provided in Table 3. From 1974 through 1976 the Arab littoral states of the Gulf accumulated an account surplus of nearly \$120 billion, the Saudi's share of which, each year exceeds 50 percent of the total account surplus held by all the littoral states of the Gulf. With the exception of Iran and to a lesser extent Iraq, the other Gulf states lack the domestic absorptive capacity needed for the consumption of the huge sums of petrodollars which they are accumulating. It is ironic that Iran, a country which needs and can absorb almost all the petrodollars it receives may run a deficit.¹⁷

The revenue crunch, the need for export earnings and the massive developmental plans in Iran have contributed toward its decision to vote to raise crude oil prices by 10 percent as of January 1, 1977, and by another 5 percent on July 1, 1977. The inability of the United Arab Emirates and Saudi Arabia to domestically absorb their huge accumulation of petrodollar surplus can also account, in part, for their decision to raise prices by 5 percent only. Recent reports indicate that Iran hopes to offset its future decline in oil revenues by expanding its natural gas sales to the European Economic Community, the United States, Japan, and the Soviet Union. In addition, Iran plans to push the manufacture of petrochemicals to cope with the effects of its potential declining petroleum sales.¹⁸

Despite widespread rumors, it is a fallacy to think that Saudi Arabia, due to its immense petroleum reserves, could literally flood the market if it wished to do so. Authoritative sources report that there is a gap between Saudi Arabia's terminal capacity and the need for more drilling

TABLE 3. PERSIAN GULF CURRENT ACCOUNT SURPLUS*

| COUNTRY | 1974 | 1975 | 1976 |
|--------------|-----------------------|------|------|
| | (Billions of Dollars) | | |
| Iran | 12.6 | 4.3 | 2.6 |
| Iraq | 3.0 | 1.1 | 1.6 |
| Kuwait | 8.1 | 7.2 | 7.0 |
| Qatar | 1.6 | 1.2 | 1.1 |
| Saudi Arabia | 26.4 | 20.1 | 24.2 |
| UAE | 5.6 | 4.9 | 6.2 |
| TOTAL | 57.3 | 38.8 | 42.7 |

*Leonard Silk, "The I.M.F. and Debts of Poor Nations," *The New York Times*, March 28, 1977, p. 43.

The 1976 figures are estimates based upon the US Department of Treasury.

which must be filled before the Saudis could substantially expand their production; however, the current Saudi production capacity of about 9.8 million bpd could be expanded to over 11 million bpd in the near future.¹⁹ But such an expansion will not in any way flood the market.

Another issue which has attracted world attention to the Gulf involves the sale of arms, particularly to Iran. It relates to US support for regional collective security efforts in the area, as implemented by the decision to evaluate and meet the military requirements of the Gulf states in order to stabilize the region. It is common knowledge that a nation's military requirements vary in time and circumstances. Iran's defense needs, for example, are quite different today from those required to defend a land frontier, as Tehran has discovered by the southward focus in its diplomatic and maritime interest, which has resulted in a determination to develop a modern naval capability. What is involved, as a result, is more than the creation of a modern navy but also "... enhancing the capabilities of the land and air forces to carry out hovercraft and helicopter operations as well as developing maritime surveillance and antisubmarine capabilities."²⁰ Therefore, Iran plans to establish a major naval base at Bandar Abbas, on the northern portion of the strategic Strait of Hormuz and another larger multiservice installation at Chahbahar, in the Gulf of Oman, adjacent to Pakistan. Iran has relied heavily upon the United States to meet its defense needs. The sale of arms to Iran commits the United States to provide the whole spectrum of military logistics and support to this country for the

next decade or so—in areas such as “procurement, finance, logistics, maintenance, and training.”²¹

There is a tendency in some Western press reports to present and analyze Iran's purchase of sophisticated weapon systems such as the F-14, the F-16, and the Airborne Command and Control Systems (AWACS), and the Spruance class destroyer, as somewhat unnecessary and acts of “prestige,” in light of Iran's already “dominant” military position in the Gulf area. A few reporters even claim that Iran's growing military might is a manifestation of its imperial ambitions—the glory of the ancient Persian Empire and the Shah's desire to reestablish its primacy. Others, such as the late Senator Hubert H. Humphrey, Chairman of the Subcommittee on Foreign Assistance of the Senate Foreign Relations Committee, warned that the “United States arms sales to Iran, totalling \$10 billion since 1972, have been out of control,” reflecting a growing concern in the US Congress regarding this issue.²²

At a conference recently held in Washington, DC, Youssef Akbar, a high ranking Iranian diplomat posed the US arms sales to Iran within the context of a dilemma. On the one hand, he stated that the US Government under the Nixon Doctrine expects regional powers allied or friendly to the West to assume a greater burden for their defense and for the security of their region. On the other hand, when a nation such as Iran attempts to pursue a policy that is aimed toward insuring its national security interests and the security of vital areas adjacent to its boundaries, it is criticized for doing so. Why is this so? Perhaps, the answer lies in part in the fact that the sale of arms has become a political issue in the United States. The sale of arms to Iran remains a principal public attraction, as has been indicated by ample documentation in congressional hearings, and the extensive coverage provided by the media. However, while few deny that the growing foreign military sales are a recognized corollary to the Nixon Doctrine, many reports tend to view the arms sales to Iran as destabilizing, without providing a substantive rationale for such a conclusion, or considering the possibility that by strengthening Iran and Saudi Arabia—the two principal pro-Western states in the Middle East—the stability within the region could expand. Table 4 illustrates the status of arms expenditure by the Gulf states.

On a worldwide basis, reports indicate that the world arms trade in 1976 reached \$20 billion, of which the United States ranked first with nearly 50 percent of the total, with the Soviet Union, France, and the

United Kingdom desperately pursuing for their share of the market. The world arms trade remains a competitive situation. It is true that the US security assistance to Iran, Kuwait, and Saudi Arabia has been rather extensive. But most of this assistance has been provided on a cash-and-carry basis. These countries have the financial capability to purchase their defense requirements and they are intent on meeting their perceived defense needs. The United Kingdom has also been a major arms supplier to Iran, Bahrain, Qatar, Saudi Arabia, and Oman. The British government concluded friendship treaties with all of the small states of the Gulf in August 1971 and British troops have been

TABLE 4. ESTIMATED POPULATION, GNP, DEFENSE EXPENDITURES AND THE SIZE OF THE ARMED FORCES OF THE GULF STATES*

| | <u>Bahrain</u> | <u>Iran</u> | <u>Iraq</u> | <u>Kuwait</u> |
|---------------------|------------------|-------------------------|-------------------------|-------------------------|
| Population | 2,600 | 33,810,000 | 11,490,000 | 1,040,000 |
| GNP | | \$56.8 bn. (1975) | \$13.4 bn. (1975) | \$11.0 bn. (1974) |
| Defense Expenditure | | \$9,500 m. (1976-77) | \$1,191 m. (1975-76) | \$230 m. (1975) |
| Air Force | | 81,500 | 15,000 | 1,000 |
| Army | 1,600 | 200,000 | 140,000 | 8,500 |
| Navy | | 18,500 | 3,000 | 200 |
| Para-Military | | 5,000 | 4,800 | ... |
| Total Armed Forces | 1,600 | 300,000 | 158,000 | 9,700 |
| | <u>Qatar</u> | <u>Oman</u> | <u>UAE</u> | <u>Saudi Arabia</u> |
| Population | 90,000 | 790,000 | 49,000** | 5-6,000,000 |
| GNP | 280 m. (1971) | | 24.2 m.** (1971) | \$24.8 bn. (1974) |
| Defense Expenditure | | \$768 m. (1976) | | \$6,771 m. (1975-76) |
| Air Force | | 550 | 1,800 | 10,000 |
| Army | | 13,200 | 18,800 | 40,000 |
| Navy | | 400 | 800 | 1,500 |
| Para-Military | | 2,000 | ... | 20,000 |
| Total Armed Forces | 2,200 | 14,150 | 21,400 | 51,500 |

*IISS, *The Military Balance*, 1976-1977, pp. 32-40.

**IISS, *The Military Balance*, 1975-1976, p. 40.

assisting the Sultan of Oman in its province of Dhofar.²³ France has also supplied arms to Abu Dhabi, Iraq, Kuwait, and Saudi Arabia. The French role in providing arms to the Arab states could expand substantially. The Arab Military Industrial Organization (AMIO), composed of the Arab Republic of Egypt, Saudi Arabia, Qatar, and the United Arab Emirates—to the voluntary exclusion of Kuwait, Libya, and Iraq—hopes to produce jet aircraft by mid-1980. According to John K. Cooley, published French reports indicate that by mid-1980, or provided this program develops during its first phase, “200 Mirage F-1 interceptor jets and 4,000 to 5,000 Matra air-to-air missiles should roll off assembly lines in Egypt.”²⁴ The largest single share of AMIO’s financing is to be divided between Saudi Arabia, Qatar, the United Arab Emirates, and Egypt, which provides another indication of the financial influence of the Persian Gulf states in the Middle East. The Soviet Union, however, has been the principal supplier of arms to Iraq and the People’s Democratic Republic of Yemen, with the latter also receiving arms from the PRC.²⁵ Despite such a competition for the sale of arms, the United States continues to hold the position of primacy in the Gulf states. The Foreign Military Sales (FMS) aspect of the US Security Assistance Program continues to play a major role in implementing US policies, retaining American influence, and assisting the pro-Western states in this critical area.

SUMMARY

➤ In terms of measurable indicators such as gross national product, land, natural resources, population and power potential, Iran and Saudi Arabia remain the two most important centers of power in the Persian Gulf littoral, with Iran clearly being in the leading position. Iran will remain the pivotal center of power in this area, followed by Saudi Arabia. As such, Tehran and Riyadh, assisted by the West, will play a decisive role in maintaining a promonarchial balance of power in the Gulf littoral. As long as these two major regional powers remain moderate, pro-Western and anti-Communist, the balance of power in the Gulf area will also remain favorable to the West. In addition, on a broader scale these two countries are pivotal to the maintenance of pro-Western influence in the Middle East, particularly as long as Egypt joins them in a similar policy posture. But despite that, the majority of the Persian Gulf littoral states are expected to remain moderate, conservative, pro-Western entities in the coming decade. Their

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substantially expanded economic, financial, political, and military power is bound to have a positive moderating impact on the Middle East, thus further reducing the influence of the Soviet Union and its radical protégés. The position of Tehran, Riyadh and Cairo is crucial to the continuation and expansion of this trend. And its impact upon the regional balance of power in the Persian Gulf and the Middle East are bound to remain crucial. ↗

ENDNOTES

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